

City and County of Honolulu Fiscal Year 2010 Administrative Overview

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HONOLULU, HAWAII

The Mayor's Executive Program and Budget Priorities

Services:

- Public Safety
 - Police, Fire, Ambulance, Ocean Safety
- Infrastructure
 - Roads, Sewers, Solid Waste, Public Facilities
- Transportation
 - TheBus and Rail Transit

The Mayor's Executive Program and Budget Priorities

Financial:

- Hold the line on the operating budget
 - Less than one-third of one percent increase
- Sustain FY 2009 performance
 - Budget cuts
 - Hiring freeze
 - Departmental flexibility
- Funded positions reduced
 - \$36.3 million (equal to 806 full-time positions)
- General & Highway Fund subsidies

Budget Overview

General and Highway Funds

- Executive Agency (General & Highway funds) increase of \$15.8 million over FY 2009.
 - Includes negotiated pay raises for Fire & Police of \$20 million.
- All other Executive Agency budgets **decreased** by \$4.2 million taken as a whole.

The Mayor's Executive Program and Budget Priorities

Biennial View:

- FY 2010 precursor to the following year.
- Real Property Assessments
 - Holds value in 2010
 - Assumed to drop in 2011 by 10%
- FY 2010 budget must position City for FY 2011.
- Fiscal Responsibility Tempered with Compassion.

Budget Assumptions

Salary Expenditures

- Fire wages & benefits increase of \$5.5 million.
- Police wages & benefits increase of \$14.5 million or 6 percent.
- HGEA and UPW agreements to expire in June 2009.
- Teamster (TheBus) contract increases \$4.5 million under Current Expenses.

Budget Assumptions

Benefits Expenditures

- Health (EUTF) increase of \$16.5 million or 20%.
- Retirement system cost increases \$3.3 million over FY 2009.
- FICA increases \$2.3 million.

Budget Assumptions

Other Expenditures

- Debt Service increases \$21.0 million.
- Fuel and Energy costs up \$2.3 million.
- \$10 million for shipping of waste included.
- OPEB pre-funding temporarily on hold.

Budget Assumptions

Revenue Declines - \$81.6 million

- Investment income declines by \$17.1 million.
- Transient Accommodations Tax revenues decline by \$5.3 million.
- Fuel Tax revenues decline by \$4.8 million.
- General Fund beginning balance decrease of \$42.5 million.
- Highway Fund beginning balance decrease of \$11.9 million.

\$50 Million Gap

Original \$128 million gap brought down to \$50 million.

City	FY 2010 Budget Gap	Population
San Francisco	\$565 million	733,674
Las Vegas	\$150 million	599,087
Honolulu - 7/1/08	\$128 million	905,601
San Jose	\$65 million	990,000
Denver	\$56 million	592,052
San Diego	\$54 million	1,316,837
Oakland	\$50 million	420,183
Scottsdale	\$50 million	240,126
Honolulu - 2/1/09	\$50 million	905,601

General Fund Subsidies

The General Fund (mostly from real property taxes) subsidizes many programs that do not generate sufficient income to cover the cost of their operations. Fee increases are proposed to have the users of these specific services cover a more equitable share of the cost.

- TheBus
- Special Events Fund (Honolulu Zoo)
- Golf

TheBus Subsidy

- Operations of TheBus are currently subsidized by the General and Highway funds by \$127 million in FY 2009 and the subsidy will grow without the proposed fare increases.

REVENUE	CURRENT RATE	PROPOSED RATE	LAST RATE CHANGE
Bus Fares			
Cash fare - Senior/Disabled	\$1.00	No change	Sep. 2003
Annual Pass - Senior/Disabled	\$30.00	No change	
Cash fare - Adult	\$2.00	\$2.25	
Monthly pass - Adult	\$40.00	\$50.00	
Cash fare - Youth	\$1.00	No change	
Monthly pass - Youth	\$20.00	\$25.00	
4-Day Visitor Pass	\$20.00	\$25.00	Jun. 2003

- Without the proposed increase, the farebox ratio falls to 26.5%. Resolution 00-29, CD1 requires 27%.
- Projected impact of \$4.2 million

Special Events Fund Subsidy

- The Special Events Fund, that funds the Honolulu Zoo, is currently subsidized by the General Fund by \$12.1million in FY 2009 and the subsidy will grow without the proposed fee increases.

REVENUE	CURRENT RATE	PROPOSED RATE	LAST RATE CHANGE
Honolulu Zoo			
Adult admission – Resident	\$4.00	\$6.00	Jul. 1995
Adult admission – Non-resident	\$8.00	\$12.00	Jun. 2006
Child admission	\$1.00	\$3.00	Jul. 1995
Zoo Parking	\$0.25 per hour	\$1.50 per hour	1980

- With the proposed admission fee increase, the subsidy will be reduced to \$11.1 million.
- Projected impact of \$1.4 million.

Golf Fund Subsidy

- The Golf Fund is currently subsidized by the General Fund by \$11.6 million and the subsidy will grow without the proposed fee increases.

REVENUE	CURRENT RATE	PROPOSED RATE	LAST RATE CHANGE
Golf			
Green fees (with Sr. golf ID) - Monthly	\$32.00	\$40.00	Jan. 2000
Green fees (with golf ID) - Adult daily	\$16.00	\$19.00	
Green fees (with golf ID) – Junior daily	\$9.00	\$12.00	
Golf cart rental	\$16.00	\$19.00	

- With the proposed green fee and cart rental increase, the subsidy will be reduced to \$8.9 million.
- Projected impact of \$1.8 million.

Other Fees

REVENUE	CURRENT RATE	PROPOSED RATE	RATE LAST CHANGED	PROJECTED IMPACT
Motor Vehicle Weight Tax				
Passenger vehicles	\$0.03 per lb.	\$0.04 per lb.	Jan. 2006	\$11.9 million
Trucks	\$0.035 per lb.	\$0.045 per lb.	Jan. 2006	
Highway Beautification Fee	\$5.00	\$6.00	Jul. 2003	\$0.6 million
Park Facility Attendant fee	\$10.00	\$15.00	Jul. 1995	\$0.1 million
HPD Alarm fee				
New permit	\$15.00	\$25.00	Apr. 2002	\$0.7 million
Renewal	\$5.00	\$25.00	Apr. 2002	
HPD Special Duty fee				
Administrative fee for the 1st officer	\$7.00	\$14.00	Apr. 2002	\$0.2 million
Admin. fee for each add'l officer	\$1.00	\$2.00	Apr. 2002	

Budget Assumptions

To Be Proposed:

- 5% Salary Cut for Mayor and Appointed Cabinet Members.
- Freeze on City managers' pay.
- Request City Council to Transfer Savings to the Fiscal Stability Reserve Fund.

Property Tax Rates

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Residential				\$ 3.29	\$ 3.59
Improved Residential & Apartment	\$ 3.75	\$ 3.59	\$ 3.29		
Unimproved Residential	\$ 5.72	\$ 5.72	\$ 5.70		
Hotel/Resort, Commercial, & Industrial	\$ 11.37	\$ 11.97	\$ 12.40	\$ 12.40	\$ 12.40
Agricultural	\$ 8.57	\$ 8.57	\$ 5.70	\$ 5.70	\$ 5.70
Preservation	\$ 9.57	\$ 9.57	\$ 5.70	\$ 5.70	\$ 5.70

Effects of the Real Property Tax Rate Increase

Single Family Home

Homeowner Under Age 65

	<u>FY 2009</u>	<u>FY2010</u>
Median Sales Price	643,500	624,000
Home Exemption	80,000	80,000
Taxable Amount	563,500	544,000
Tax Rate	\$3.29	\$3.59
Annual RP Tax	\$1,853.92	\$1,952.96
Tax Credit	\$100	\$75
Monthly RP Tax	\$146.16	\$156.50
Monthly Increase		\$10.34

Homeowner Age 65 and Older

	<u>FY 2009</u>	<u>FY2010</u>
Median Sales Price	643,500	624,000
Home Exemption	120,000	120,000
Taxable Amount	523,500	504,000
Tax Rate	\$3.29	\$3.59
Annual RP Tax	\$1,722.32	\$1,809.36
Tax Credit	\$100	\$75
Monthly RP Tax	\$135.19	\$144.53
Monthly Increase		\$9.34

Effects of the Real Property Tax Rate Increase

Condominium

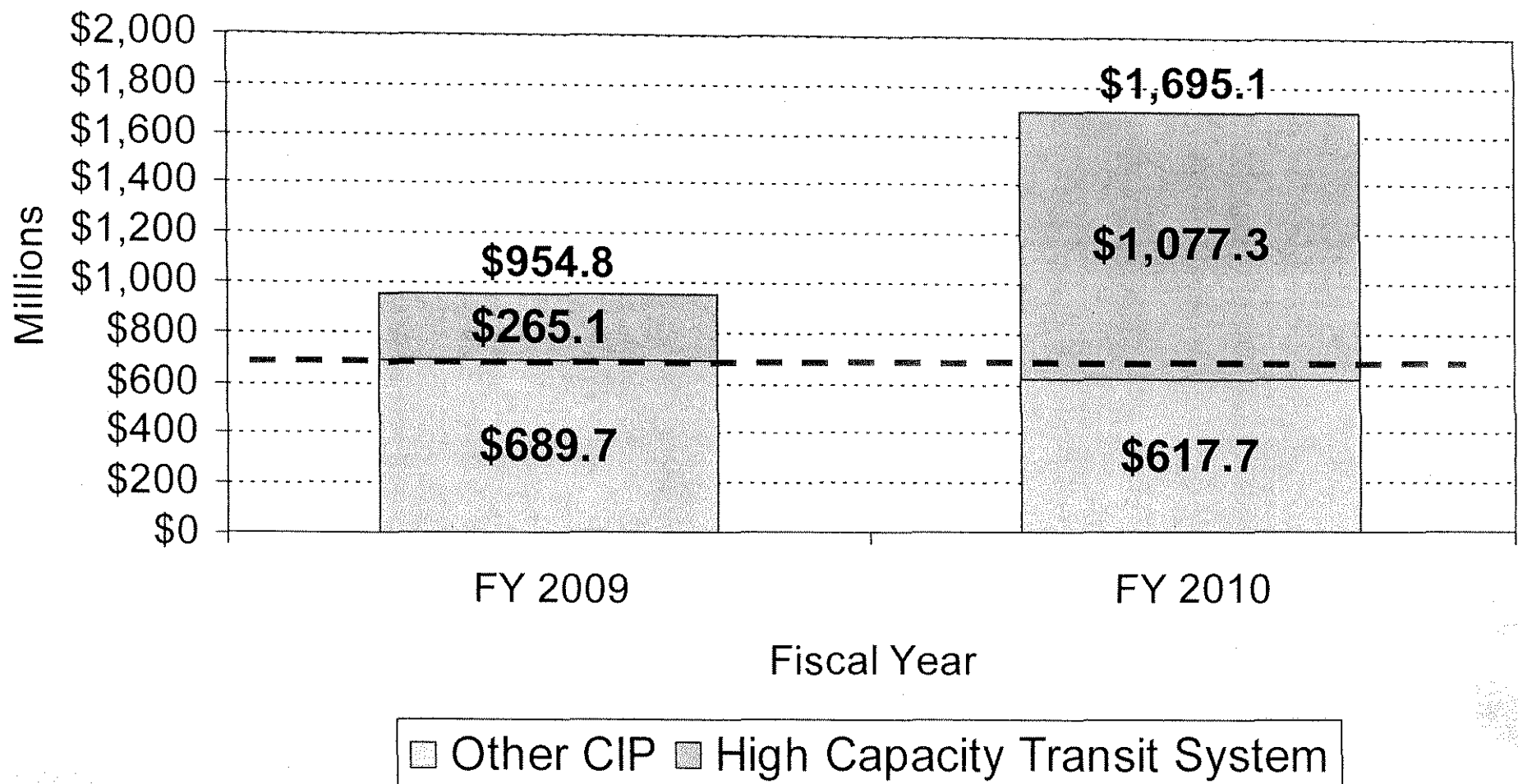
Homeowner Under Age 65

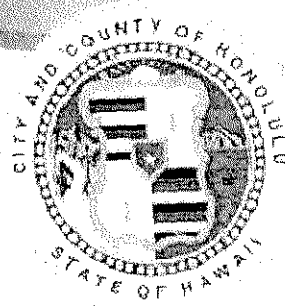
Homeowner Age 65 and Older

	<u>FY 2009</u>	<u>FY2010</u>
Median Sales Price	325,000	325,000
Home Exemption	80,000	80,000
Taxable Amount	245,000	245,000
Tax Rate	\$3.29	\$3.59
Annual RP Tax	\$806.05	\$879.55
Tax Credit	\$100	\$75
Monthly RP Tax	\$58.84	\$67.05
Monthly Increase		\$8.21

	<u>FY 2009</u>	<u>FY2010</u>
Median Sales Price	325,000	325,000
Home Exemption	120,000	120,000
Taxable Amount	205,000	205,000
Tax Rate	\$3.29	\$3.59
Annual RP Tax	\$674.45	\$735.95
Tax Credit	\$100	\$75
Monthly RP Tax	\$47.87	\$55.08
Monthly Increase		\$7.21

Capital Budget





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Mahalo